VERMONT RECOVERY HOUSING FINANCIAL LANDSCAPE

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INTRODUCTION

Substance use disorder (SUD) is a pressing issue in the state of Vermont, with the rate of drug overdose deaths increasing from 22 per 100,000 residents in 2016 to over 46 deaths per 100,000 residents in 2021, a 109% increase in 5 years.[1] An estimated 22% of Vermont residents ages 12 and older met the criteria for a drug or alcohol use disorder in 2021, many of whom did not receive treatment for their SUD.[2] A recent analysis of the economic impact of opioid use disorder in Vermont found that opioid use disorder and associated fatal opioid overdoses cost the state of Vermont $2.42 billion in 2017.[3] Access to recovery support services in rural communities is of special importance in Vermont as an estimated 66% of Vermont's population lives in rural areas and face unique barriers to care related to access to recovery support services.[4]

An important recovery support service for individuals with SUD is recovery housing, a housing model that provides safe, healthy, family-like substance free living environments for those seeking recovery from SUD.[5,6] Recovery housing has been found to be associated with improved recovery related outcomes including reduced substance use, criminal justice involvement, anxiety, depression, and homelessness, and increased employment and income.[7–9] Although the exact number of recovery residences in the United States (U.S.) is unknown, latest estimates suggest there are approximately 10,000 recovery residences in the U.S.[10] As of November 2024, there were approximately 4 recovery housing organizations operating 14 recovery residences certified by Vermont Alliance of Recovery Residences (VTARR).[11]

Although many federal agencies have identified recovery housing as an essential resource and best-practice, the recovery housing industry is still evolving, with many unknowns related to its effectiveness, prevalence, and financial landscape.[5] To help inform financial planning and expansion efforts in Vermont, the RCORP-Rural Center of Excellence on SUD Recovery at the Fletcher Group, in collaboration with VTARR, disseminated a survey to certified recovery housing organizations in Vermont to assess the financial landscape of recovery housing. Specifically, the survey aimed to assess the financial size of recovery residences, revenue sources, operating expenditures, financial resiliency, and barriers related to operation including those related to the grant application process.

METHODS

A cross-sectional survey was employed with development led by Fletcher Group and VTARR with feedback solicited from subject matter experts including researchers at the University of Kentucky Injury Prevention and Research Center and recovery residence owners and operators.

The survey included questions about the types of individuals served by the recovery housing organization, the programs and services offered, operating costs, revenue sources, operating expenditures, financial resilience, and barriers related to continued operation.

The survey was disseminated with recovery residence operators in Vermont by emailed invitations from the VTARR executive director. Survey recruitment focused on recovery residences that were certified or in the process of being certified by VTARR. The total sampling pool included 4 organizations that were certified or in the process of being certified by VTARR.[11] The study was approved by the University of Kentucky Institutional Review Board under protocol #53931. All data were collected via Qualtrics between September 10th, 2024, and October 22nd, 2024. Our final sample consists of 4 operators representing 14 recovery residences. Given the total sampling pool in the state, this survey yielded a 100% response rate.

RESULTS

Almost all (75%) of recovery housing organizations operated more than one recovery residence, with those who operated more than one residence operating a median of 3 residences. On average, recovery housing organizations had been in operation for 11 years, and VTARR certified for 3 years; this certification option has been available since 2019. The median number of residents served per organization was 12. The 4 recovery housing organizations surveyed represent a total of 14 residences serving 83 residents.

All of the organizations were non-profit organizations and indicated they allowed medication assisted treatment (MAT) within their residences (Table 1). Most (75%) indicated they had a resident waitlist, with a median of 11 residents on their waitlist. The median number of paid staff across housing organizations was 11. All organizations indicated they had at least one paid staff working at their organization. Approximately 75% of the organizations surveyed indicated they were serving less residents than their maximum capacity, while 25% were serving their maximum capacity.

Table 1. Characteristics of recovery housing organizations surveyed, Vermont, 2024, (N = 4)

Characteristic	Count (%)
Operate Many Residences	3 (75)
Offer Clinical Services in House	2 (50)
Require Residents to Work*	2 (50)
Support Medication Assisted Treatment*	2 (50)
Has a Waitlist	3 (75)
Non-Profit Organization	4 (100)
Use a Resident Management/Data Collection Software	4 (100)

*2 organizations did not respond to this question.

All the recovery housing organizations indicated they were VTARR certified. Of the residences operated by surveyed organizations, 7% were certified as level 1, 71% were level 2, 7% were level 3, and 0% were level 4 (Table 2).[12] The majority of the residences were rented (64%) and 36% were owned by the organization.

Of organizations surveyed, 79% of residences were in a rural area, 0% of residences were in an urban area and 21% of residences were in a suburban area. On average, recovery housing organizations indicated that approximately 88% of the residents they serve are from rural areas.

Table 2. Characteristics of recovery residences surveyed, Vermont, 2024, (N = 14)

Characteristic	Count (%)
NARR Certification Level	
Level 1	1 (7)
Level 2	10 (71)
Level 3	1 (7)
Level 4	0 (0)
Missing	2 (14)
Geographic Location	
Rural	11 (79)
Urban	0 (0)
Suburban	3 (21)
Residence Ownership	
Rent	9 (64)
Own	5 (36)

Of the organizations surveyed, approximately a quarter served only men (1 organization representing 8 residences), both men and women (1 organization representing 2 residences), and males with children (1 organization representing 2 residences). Half of the organizations (2 organizations representing 11 residences) served only women and women with children (2 organizations representing 10 residences). One organization representing 2 residences served males with children.

No organizations reported serving a significant proportion indigenous individuals, pregnant people, youth, non-English speakers, individuals with disabilities, or individuals identifying as LGBTQIA+. All organizations served individuals with a history of criminal justice involvement and mental health diagnoses. Most of the organizations (75%) served individuals with a history of homelessness. Approximately a quarter of recovery housing organizations served veterans (25%)

Table 3. Resident populations served by recovery housing organizations in Vermont, 2024 (N = 4)

Characteristic	Count (%)
Populations Served	
Male	1 (25)
Female	2 (50)
Both Females and Males	1 (25)
Females with Children	2 (50)
Males with Children	1 (25)
Special Populations Served	
Indigenous	0 (0)
Pregnant	0 (0)
Parenting	1 (25)
Youth	0 (0)
Non-English Speakers	0 (0)
Individuals with Disabilities	0 (0)
Veterans	1 (25)
LGBTQIA+	0 (0)
Individuals with a History of Homelessness	3 (75)
Individuals with Criminal Justice Involvement	4 (100)
Individuals Diagnosed with a Mental Health Condition	4 (100)

The economic conditions of RH residents indicate that all organizations serve individuals receiving Medicaid and those receiving SNAP benefits. Most (50%) of the recovery housing organizations served individuals receiving Temporary Assistance for Needy Families (TANF) and Social Security Income (SSI).

Table 4. Economic conditions of residents served in recovery housing organizations surveyed, Vermont, 2024, (N = 2*)

Characteristics	Count (%)
Receiving TANF	1 (50)
Receiving SSI	1 (50)
Receiving Medicaid	2 (100)
Receiving SNAP	2 (100)
Unemployed and Receiving Benefits	0 (0)
Unemployed and Not Receiving Benefits	0 (0)
Not able to Work	0 (0)
Retired and Not Receiving Social Security Benefits	0 (0)
Retired and Receiving Social Security Benefits	0 (0)

*2 organizations did not provide answers to this question in the survey.

Disabled and Receiving Social Security Benefits	0 (0)
Disabled and Not Receiving Social Security Benefits	0 (0)
Veteran and Receiving Benefits	0 (0)
Veteran and Not Receiving Benefits	0 (0)

TANF = Temporary assistance for Needy Families; SSI = social security income; SNAP = supplemental Nutrition assistance program.

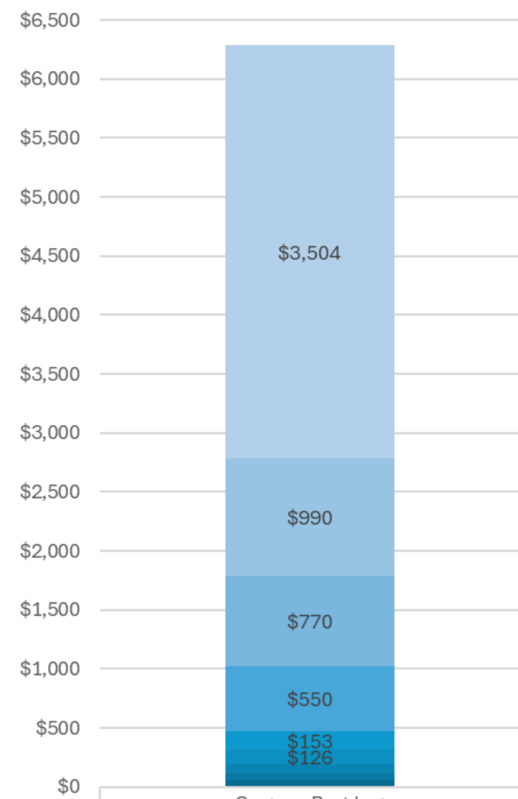
Of the organizations surveyed, all the organizations provide toiletries and cleaning supplies. The majority (75%) of organizations provide life skills training and transportation. Half of the organizations provide employment opportunities and recovery coaching. Finally, 25% of organizations provide clothing and job training.

OPERATING COSTS AND REVENUE

Reflecting the diversity of recovery housing models and service offerings, operating costs, which incorporate both services and room and board, varied widely among organizations surveyed. A total of 3 organizations (75%) surveyed provided an estimate of their annual operating costs between January 1, 2022, and December 31, 2022. The median annual operating cost was $624,900, with operating costs ranging from $450,000 to $815,800 per year.

As operating costs at the organization and residence level do not account for differences in the number of residents served by each organization and residence, we also calculate the cost per resident served annually. The median amount spent by organizations was approximately $6,200 per resident served annually.

Figure 1. Annual median cost per resident under different cost categories reported by Vermont Recovery Housing Organizations, 2024, (N = 4).



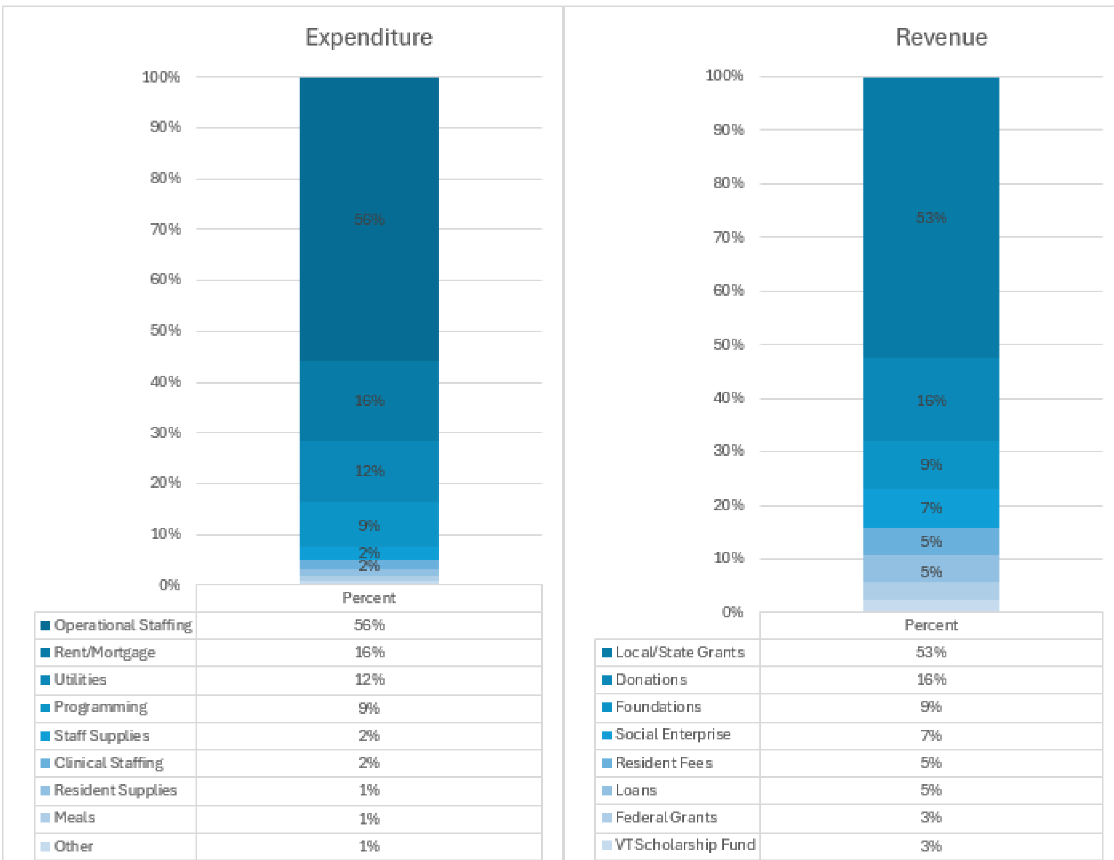
	Cost per Resident
Operational Staffing	$3,504
Rent/Mortgage	$990
Utilities	$770
Programming	$550
Staff Supplies	$153
Clinical Staffing	$126
Resident Supplies	$79
Meals	$59
Other	$55

Operating costs associated with room and board such as staffing, mortgages/rent, and utilities accounted for 86% of total operating costs (approximately $5,389 per resident served). Operational staffing accounted for the largest share of operating costs (56%), followed by mortgage/rent (16%)[†], utilities (12%) and clinical staffing (2%). Service costs including costs

[†] Many of the recovery housing organizations that participated in the survey have unique housing models that include direct partnerships with housing developers and landlords that contribute to the property costs being a relatively small share of operational costs.

incurred from programming, resident and staff supplies, and meals accounted for 13% of operating costs (approximately $841 per resident served). Programming costs accounted for approximately 9% of operating costs, and a relatively small amount of operating costs were spent on resident supplies (1%), meals for residents (1%), and staff supplies (2%).

Figure 2. Percent of annual revenue from different sources and percent of annual expenditures associated with different categories reported by Vermont recovery residence operators, 2024, (N = 4).



In terms of revenue sources, the largest share of revenue comes from local and state grants (53%). Of those who indicated they had received local or state grants (N = 4), 25% indicated they received State Opioid Response funds, 50% indicated they had received Substance Abuse Prevention and Treatment Block Grants.

Donations accounted for 16% of revenue and foundations accounted for 9% of revenue. Social enterprises accounted for 7% of revenue and resident fees accounted for 5% of revenue. Of those who disclosed the amount they charge in resident fees (N = 4), the average amount charged was $229 per month, with some organizations charging as little as $0 per month and some as much as $616 per month. Organizations indicated they only received about 50% of the resident fees they charge. Additionally, no organizations indicated they dismissed residents who were unable to pay for resident fees.

CHALLENGES TO CONTINUED OPERATION

Recovery housing is a service model that is privately developed, owned, and operated. Prior research indicates that sustainability of recovery housing organizations often face challenges pertaining to unstable funding sources (i.e., resident fees and rent and government funding), as well as stigma, "NIMBY beliefs".[13,14] In this study, among a list of 8 challenges to continued operations, the challenge that was ranked highest that impacted continued operation was community stigma. The next largest challenge identified was staffing shortages, followed by landlord tenant laws. Financial resources were identified as the 4th greatest challenge to continued operation, followed by state policies. Referrals, resident retention, and federal policies were identified as some of the least significant challenges faced by owners and operators.

Figure 3. Ranking of challenges to continued operation with 1 representing the most significant barrier and 8 representing the least significant challenge (N = 4)

While lack of financial resources is a multi-faceted issue, difficulties finding and applying for grants may compound this barrier. Of organizations that had received grants of any kind (N = 4), they reported an average of 11 hours per month spent finding and applying for grants. Further, 75% of organizations indicated that it was somewhat or extremely difficult to find grants and 50% indicated it was somewhat or extremely difficult to apply for grants. Approximately 50% of organizations indicated it was somewhat or extremely difficult to comply with the terms of the grants they receive.

When asked why recovery housing owners and operators found applying and finding grants difficult, organizations indicated that grant requirements often do not align with recovery housing. One operator wrote, "*Many are close but require fitting a square peg into a round hole. We are not willing to compromise our model to fit grant opportunities*." And another wrote, "*Finding applicable grants takes time and effort; our Recovery Village model is new to VT and we don't always fit inside a "standard" grant category*."

Operators also noted that competition for a limited number of grants also compounded the difficulty, with one operator writing, "*It's not that it's hard, I think there is a lot of Nonprofits competing for the same grants."*

When asked about general barriers to continued operation, operators also noted difficulties related to state laws and unpredictable nature of expansion. One operator wrote,

> "*1. It is challenging to maintain a supportive recovery environment with the current interpretation of landlord/tenant law. 2. We are trying to find ways to thread the needle between having high quality living spaces in nice neighborhoods within walking distance to transportation or services with the right landlords, and the ability to secure the opportunity and open the home more quickly and affordably. 3. The unpredictable nature of opening new homes makes budgeting and staffing to scale up challenging*."

Another operator noted, "*We are one of the only hybrid shelter and recovery houses in the state of Vermont. The housing crisis affects how quickly we can get people housed elsewhere. We are very sensitive to any policy/laws and having to balance both shelter law/regulation and recovery house law/regulation*."

In the recent Vermont state legislative session, additional funding resources were made available to certified operators. When asked about the impact of this funding, operators noted that it allowed them to expand their staffing as well as improve their operations. One operator wrote,

> "*We've been putting last year's investments of increased stable operating funds from the state to work by building out our org chart, revamping our personnel policies, and*

> *investing in our operating systems to ensure we have a solid foundation to build off. These are the building blocks that will allow us to scale more efficiently in the future*."

Another operator noted the changes they've made specifically related to staffing, "*Hired a new Executive Director & a staff for resident transportation; staff rates of pay increased to more accurately reflect market rates*".

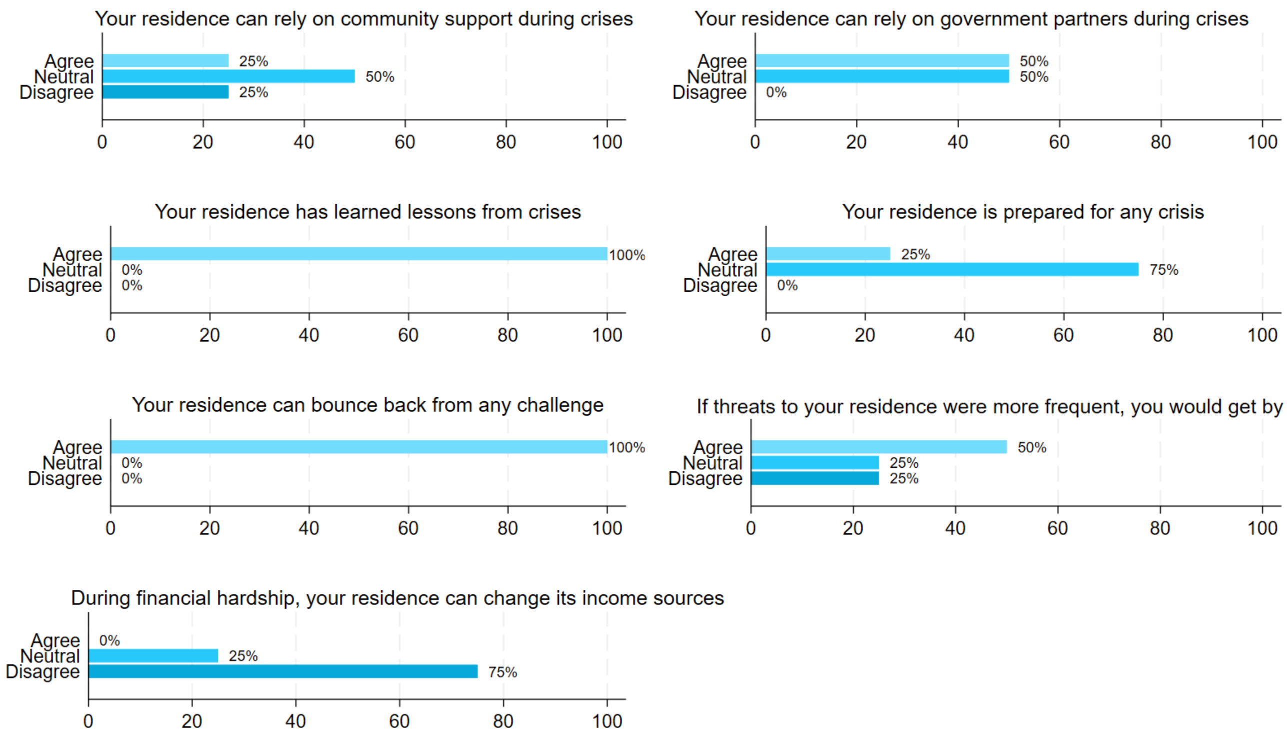
FINANCIAL RESILIENCE

Financial resilience, the ability of an organization to cope with financial shocks and difficulties, is essential to recovery housing organizations. To assess the financial resilience of recovery housing organizations in Vermont, owners and operators were asked to rank on a scale of 1 to 10 how financially resilient they felt their recovery housing program was, with higher scores indicating higher resiliency. On average, organizations ranked their resilience at 5.75, indicating a relatively low level of financial resiliency.

Most of the organizations surveyed (75%) indicated they were slightly or moderately capable of overcoming funding disruptions and 25% indicated they were not at all capable of overcoming funding disruptions. Revenue diversification is also key to financial resilience. A quarter of recovery housing organizations surveyed indicated they received 75% or more of their revenue from one source.

Additionally, a series of questions were asked to ascertain operators' perceived ability to overcome financial crises, how community and government partnerships could help them overcome such crises, and if they had learned lessons from prior financial crises. Reflecting the barrier of community stigma discussed in the previous section, only 25% of organizations agreed that they could rely on their community for support during financial crises while 25% disagreed (Figure 4). Recovery housing organizations also indicated a lack of perceived government support during financial crises, with only 50% agreeing that they could rely on government partners during crises. A total of 100% indicated that their recovery housing program has learned lessons from crises and 100% agreed that their residence can bounce back from any challenge. Similarly, 50% agreed that they would be able to get by if threats to their program were more frequent. Only 25% agreed that their organization is prepared for any crisis and no organization agreed that their organization can change its income sources during financial hardships.

Figure 4. Share of Vermont recovery housing organizations that agreed, disagreed, or were neutral for various financial resiliency statements, 2024, (N = 4).



FUNDING NEEDS AND BARRIERS IN VERMONT

Recovery housing owners and operators were also asked to describe any other organizational funding needs. A few themes emerged from the qualitative analysis of the write in responses (N = 4).

First, operators noted the need for more funding in general. One operator noted their specific funding needs to expand their program,

> *"Total need for future scaling of Certified Recovery Residences in Vermont:*
> - *$179k/home/yr increased by 3% annually for operating costs from the State of Vermont*
> - *$25k/home/yr increased by 3% annually for scholarships through VTARR*
> - *$170-$300k/bed in one-time capital for acquisition/renovation*
>
> *Our goal is to have certified recovery residences in all communities with a recovery center. There should be the number of homes each community determines they have a need for and serve the appropriate populations (men, women, parents w/ children, etc.)."*

Another operator wrote, "*There is always need for more funding in terms of being able to service people in recovery and have as many resources as possible.*" These operators highlight that funding sources should be flexible to the needs of recovery housing programs spanning operational costs to capital expenses.

Additionally, operators noted the difficulty meeting grant requirements. Grant requirements vary by funder, but the following operators speak to state grants and block grants. One operator wrote, "*We are currently funded primarily through state grants, with a lot of funding requirements. It takes a lot of capacity to manage these funding sources and also run a quality program.*" Another operator noted, *"Funding is moving in the right direction with increased Block Grant Allocations for Recovery Residences. We are working to have the time and reporting capacity to apply for larger federal grants."*

DISCUSSION

Assessing the financial landscape of recovery housing is crucial to understanding the ability of recovery residences in Vermont to continue providing quality services to those who need it. Further, understanding the implications of how the financial landscapes of recovery housing organizations differ across rural and non-rural communities will support evidence-based allocation of resources for expansion and capacity building to occur. As there are many unknowns about the operating costs, revenue sources, and financial resilience of recovery housing in Vermont, the Fletcher Group partnered with VTARR to conduct a statewide cross-sectional survey of recovery residence owners and operators.

The results show that, on average, 88% of residents served by recovery housing organizations in Vermont are from rural areas, yet only 79% of residences are located in a rural area. This suggests there may be a shortage of recovery housing resources in rural areas of Vermont.

This survey also found that the median annual operating cost of recovery housing organizations in 2022 was $625,000 but that there was significant variation in the financial size of individual organizations, with annual operating costs ranging from $450,000 to $816,000. On average, organizations spent approximately $6,200 per resident served annually. This suggests that recovery housing organizations, the services offered within, and the resources needed to support them vary significantly among organizations in the state of Vermont.

Results also show that most of the revenue for recovery housing organizations comes from local and state grants, donations, foundations, and social enterprises. In qualitative analysis of write-in responses of program operators, a major theme that arose was the need for increases in the number of funding opportunities available for organizations. Specifically, operators noted the need for funding opportunities to support resource expansion as well as funding opportunities that do not have large administrative burdens.

The survey also found that recovery residences in Vermont do not consider themselves to be very financially resilient, and that there are vulnerabilities related to financial diversification and external partnerships. Approximately 75% of organizations disagreed when asked if they would be able to change their organization’s income sources during financial hardship, suggesting the need for increased financial diversification in revenue sources. Finally, many organizations disagreed that community partnerships would be helpful in dealing with future financial crises.

This study has an important limitation to note. First, this survey targeted recovery housing organizations that were currently certified or in the process of being certified by VTARR. Therefore, the results presented may not be representative of all recovery housing organizations in the state of Vermont. Additionally, due to the small simple size of certified recovery housing organizations in Vermont, the results were only able to be presented in aggregate. The results presented in this report do not account for the differing service models of Vermont recovery housing organizations. Finally, the survey asked operators to provide their operating costs in 2022. Due to the changing nature of the recovery housing landscape in Vermont and recent investments in recovery housing by the state, the operating costs presented in this report may not reflect the most current costs.

POLICY CONSIDERATIONS

In response to the findings described above, there are a number of policy considerations that may aid the expansion and support of recovery housing in the state of Vermont.

1. Increase certified recovery residence capacity in rural areas and develop strategies to address barriers presented by the lack of available transportation to, and within, these communities.
2. Increase the capacity of certified recovery residences that can provide culturally appropriate services to special populations, including pregnant and parenting people, families, veterans, LGBTQIA+, individuals who speak English as a second language, and people with disabilities.
3. Increase the funding available to recovery housing organizations including funding for capital expenditures, initial start-up expenses, and programmatic operating expenditures.
4. Develop long-term (more than one year), sustainable funding opportunities for certified recovery residences.
5. Provide education and training to facilitate easier access to state grants and understanding of the grant application process; potentially a designated grant specialists at the state supporting recovery providers.
6. Cultivate new relationships and reinforce current relationships among recovery housing organizations and other recovery support providers along the SUD continuum of care with a specific focus on breaking down barriers to sustainable and meaningful partnerships.
7. Provide training and resources to recovery housing organizations to encourage community partnerships, to reduce stigma, and increase community support.
8. Conduct another assessment of the recovery housing financial landscape study in the future that includes additional financial incentives to program operators to increase study engagement.

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